

UNIFORM ACCOUNTING PROCEDURES

PRIVATE DRIVEWAY PLOWING (UPPER PENINSULA ONLY)

All private driveway plowing receipts shall be credited to liability Account #255 – Customer's Deposits Driveway Snowplowing.

All private driveway plowing costs shall be charged to Activity #520 – Driveway Snowplowing.

At fiscal year end, prior to recording closing entries, an amount equal to driveway plowing expenditures for the year are recorded in Activity #520 shall be transferred from liability Account #255 to revenue Account #641 – Charges for Services – Driveway Snowplowing.

STATE TRUNKLINE MAINTENANCE CONTRACT

A state trunkline maintenance contract with the Michigan Department of Transportation is a detailed and complex contract, which should be read carefully and understood thoroughly. There is no profit motive for a contract with MDOT. The expenditures charged are audited annually by MDOT and you will be billed for any amounts charged by you greater than actual costs. Conversely, if the expenditures charged by you are less than actual, you will be reimbursed by MDOT. These situations routinely occur when charging equipment rental or when using prior years' fringe benefit rates. However, costs may be disallowed if not expressly approved by the contract or even if prescribed bidding procedures are not followed. If questions arise, another agency with a state trunkline maintenance contract is a good source of information, or the Commission Audit Division of MDOT may be able to assist. As in all accounting, consistency in accounting methodology should be adhered to.

Current Year Contract

When an expense is incurred for salaries and wages, supplies, materials, equipment rental and other expenses directly related to the maintenance of a state trunkline, the expenses for those costs are to be charged to Activity #517 – State Trunkline Maintenance. Function codes (with a brief description) should be set up for each highway maintained under a trunkline maintenance contract.

MDOT shall be billed, at least monthly, for the total charged to Activity #517. A journal entry should be made debiting Account #078.01 – Due from State – State Trunkline Maintenance, and crediting Account #627 – State Trunkline Maintenance Revenue for the amount billed. When payment is received from MDOT, Account #078.01 is credited.

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STATE TRUNKLINE MAINTENANCE CONTRACT (Continued)

Prior Year State Maintenance Contract Adjustments

Results of prior years' audit adjustments should be recorded in Account #627 - State Trunkline Maintenance Revenue. If an amount is due the county, Account #627 is credited. If an amount is due MDOT, Account #627 is debited. Account #078.01 is the offset account.

Determination of Equipment Rental Rates

In order to bill MDOT for equipment used on state trunklines, an hourly equipment rental rate must be determined by each county. Annually, MDOT calculates a statewide average "Schedule C" equipment rental rate which may be used for billing MDOT. Schedule C equipment rental rates are made up of the direct, indirect and operating expenses of each county for each type of equipment, divided by the number of hours operated for the year. Obviously, each county will have different costs and may modify the rates charged subject to the approval of MDOT. Indirect Expenses: See section on Activity #511.

Since MDOT shares in the direct and indirect expenses of operating your equipment, and this includes depreciation, you should be aware that any gain on disposal of equipment will be shared with MDOT as well.

Fringe Benefit Rates

Each county calculates its own fringe benefit rate for the next year, prior to beginning the new year and subject to approval by MDOT. Only expenses applicable to fringe benefits should be charged to Activity #513. All fringe benefit costs properly charged to Activity 513 should be included on Form 455C, Report of Employee Benefit Cost.

Determination of Fringe Benefit Costs for Trunkline Maintenance Contract

When calculating fringe benefit rates for state trunkline use on Form 455C, compute the total payroll first. Line A - total payroll should represent the applicable year's cash payroll less the prior year accrual and including the current year accrual.

Line B - Administrative payroll costs should represent the gross payroll for the commissioners, manager, clerk, engineer, office staff, and part-time office help as charged to the administrative accounts. These gross payroll amounts should include payments for vacation, sick leave, holiday, personal time, longevity, jury duty, bonuses, birthdays, etc. (any applicable wage charge which could be charged to fringe benefit expenses).

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STATE TRUNKLINE MAINTENANCE CONTRACT (Continued)

Line C - Vacation, sick leave, holiday and longevity as paid to non-administrative employees should include all fringe benefit costs included in non-administrative employees' paychecks during the year, including any non-wage payments to employees, such as hospitalization opt-out payments. These costs are calculated by using the total charges in these fringe benefit general ledger accounts and subtracting those costs applicable to administrative employees that are included in the amount on Line B - administrative payroll.

Line D - Vacation, sick leave, holiday and longevity as paid to administrative employees that is included in the amount on Line B - administrative payroll.

Total costs for vacation, sick leave, holiday, longevity, on the bottom half of the form, should be the same amount shown on Line C above, less any non-wage payments to employees, such as hospitalization opt-out payments.

Total costs for all other fringe benefit accounts should be listed on the remaining lines on the bottom half of the page (these should represent the total expense less any receipts for refunds or reimbursements). Any non-wage payments to employees, such as hospitalization opt-out payments, should be included with the costs for the applicable fringe benefit account.

Use the formula listed on Form 455C, column 3, on the bottom half of the form to calculate the percentages to be used in column 4.

Code 187 - Total leave and benefit rate represents the total of column 4 and can be used as the fringe benefit rate for trunk-line maintenance billings for the next fiscal year.

Non-Labor Distributive Costs

Generally speaking, non-labor distributive costs, Activity #514, are not fringe benefits, and therefore, should not be in the fringe benefit rate.

Supervision

Foremen, superintendents, engineers and any other supervisory employees, other than those included in administrative overhead, should fill out daily time cards charging state trunklines for all actual time worked for the benefit of MDOT.

Materials Acquired and Specifications

Whenever materials or services are acquired for a state trunk-line in excess of \$10,000, advertisement and bidding procedures must be followed. All material bids must meet minimum MDOT standards. Failure to follow and retain documentation of proper bid procedures may result in costs questioned by MDOT and possible denial of reimbursement.